

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

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R 101115Z JAN 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 1645

INFO AMEMBASSY BAMAKO

AMEMBASSY DAKAR

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ENRG, IV

SUBJECT: PETROLEUM: PRICE INCREASES FOR PETROLEUM PRODUCTS

REFERENCE: A) ABIDJAN 0736 (JAN 30, 1974)

B) ABIDJAN A-33 (MARCH 7, 1974)

1. GOIC ANNOUNCED JANUARY 3, NEW ROUND OF PRICE INCREASES
FOR PETROLEUM PRODUCTS, CITING AS REASONS DECISIONS TAKEN BY OPEC
AT VIENNA CONFERENCE AND INCREASES IN TAXES. (FIGURES IN FOLLOW-
ING ORDER: OLD CFA PRICE, NEW CFA PRICE, PERCENTAGE
INCREASE, PERCENTAGE INCREASE SINCE JANUARY 1974 IN
PARENTHESES).

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SUPER 78/LITER 94/LITER 21 (53)

REGULAR	74/LITER	89/LITER	20 (56)
KEROSENE	55/LITER	57/LITER	4 (78)
GASOIL	52/LITER	54/LITER	4 (59)
D.D.O.	52/LITER	33.6/LITER	-35 (-4)
FUEL OIL 1500	19,182/TON	22,460/TON	17 (59)
FUEL OIL 3500	17,410/TON	16,998/TON	-2 (325)
(EXPORT BUNKERING)			
FUEL OIL 3500	8,000/TON	11,183/TON	40 (180)
(FOR EECI)			

PRICE INCREASES ARE INTENDED/EXPECTED TO:

- A. INCREASE GOVERNMENT REVENUE
- B. DISCOURAGE PRIVATE DOMESTIC CONSUMPTION
- C. INCREASE EXPORT OF BUNKER FUELS
- D. LEAD TO INCREASE IN PRICE OF ELECTRICITY.

2. ALTHOUGH PORTION OF INCREASED REVENUES GENERATED BY PRICE INCREASES WILL BE LOST DUE TO INCREASED COST OF CRUDE PETROLEUM IMPORTS, INDUSTRY SOURCES ASSERT THAT BULK OF REVENUES WILL GO INTO GOIC'S "CAISSE DE PEREQUATION" (EQUALIZATION FUND). GOIC WILL DRAW ON THIS FUND TO FINANCE IMPORTS OF CAPITAL EQUIPMENT GOODS.

3. GOIC HAS EMBARKED ON PETROLEUM CONSERVATION PROGRAM WITH MAJOR IMPACT AIMED AT AUTOMOBILISTS. IVORY COAST PRICES FOR SUPPER AND REGULAR GASOLINE ARE NOW AMONG HIGHEST IN WORLD (\$1.94 FOR SUPER AND \$1.84 FOR REGULAR). OIL COMPANIES EXPECT THESE PRICE INCREASES WILL MODERATE GROWTH IN CONSUMPTION POINT OUT THAT AFTER JANUARY 1974 PRICE INCREASES, VOLUME OF GASOLINE LIMITED OFFICIAL USE

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SALES INCREASED ONLY 2 TO 3 PERCENT VERSUS 6 TO 7 PERCENT INCREASE OBSERVED IN YEARS PRIOR TO ENERGY CRISIS.

4. ACCORDING TO INDUSTRY SOURCES, DDO AND FUEL OIL 3500 PRICES WERE LOWERED BECAUSE THESE PRODUCTS-- ESSENTIALLY FOR BUNKERING AND THEREFORE EXPORT ITEMS-- WERE NOT COMPETITIVE WITH PRODUCTS AVAILABLE IN OTHER WEST AFRICAN PORTS. THUS, LOCAL REFINERY HAS CONSIDERABLE

STOCK ON HAND AND PRICE REDUCTION IS EFFORT TO MAKE PORT
OF ABIDJAN PRICES COMPETITIVE, THUS INCREASING EXPORT
EARNINGS.

5. ELECTRIC COMPANY (EECI) IS SOLE DOMESTIC CONSUMER OF
FUEL 3500 (REMAINDER IS USED FOR BUNKERING). INDUSTRY
SOURCE DO NOT BELIEVE EECI CAN ABSORB 40 PERCENT PRICE
INCREASE AND THAT PORTION THEREOF WILL INEVITABLY BE PASSED
ALONG TO CONSUMER.
SMITH

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Message Attributes

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